

TOP SECRET

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8 October 1953

MEMORANDUM FOR: Deputy Director (Intelligence)

**SUBJECT: Probable Italian-Yugoslav Reaction to Trieste
Announcement**

The attached represents the views of the Office of
Current Intelligence.

**HUNTINGTON D. SHELDON
Assistant Director
Current Intelligence**

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**PROBABLE YUGOSLAV-ITALIAN REACTIONS TO
THE TRIESTE ANNOUNCEMENT**

American-British announcement that they are turning over their occupation of Zone A to the Italian government will be met with vigorous Yugoslav protests and threats of possible countermeasures. On the other hand, the announcement will be acceptable to the Italian government.

In reaction to the Western demarche Yugoslavia will probably:

(1) protest bitterly against its illegality under the terms of the Italian Peace Treaty of 1947; (2) encourage widespread popular demonstrations against the Western powers and their decision; and (3) open a strong propaganda campaign designed to deter the Tripartite powers from carrying out of their proposal, and to strengthen Yugoslavia's bargaining position with a view to future negotiations toward a definitive solution. Yugoslavia may also threaten to send troops into Zone A in order to guarantee the "integrity" of the zone if Anglo-American forces are withdrawn.

~~TOP SECRET~~

Tito has repeatedly stated that Yugoslavia would view an Italian occupation of Zone A as an act of aggression, and has threatened that should such an occupation be attempted, Yugoslavia would "take her measures." Vice Chairman of the Federal Executive Council Kardelj has expanded upon this warning by stating that Yugoslavia "will never recognize" an Italian annexation of Zone A, and will take "all necessary measures at our disposal as a peace-loving country to prevent the creation of such a situation."

Under the provisions of the Italian Peace Treaty of 1947, Yugoslavia could claim the right to send troops into Zone A to protect the "integrity" of the Zone. Although it seems doubtful whether the Tito regime would order its troops to cross the zonal boundary while American and British troops were still on the scene, the threat that such a move would be made upon the departure of the Anglo-American forces could offer serious embarrassment to the West. Since Anglo-American troops will presumably be gradually replaced by Italian forces, it is unlikely that Yugoslavia will find it expedient to take this step.

~~TOP SECRET~~

~~TOP SECRET~~

Although Yugoslavia might react to the Tripartite note on Trieste by formally annexing Zone B, this appears doubtful, at least for the present. On 29 September, Kardelj even speculated that it might be the wish of the Italian government that Yugoslavia "make a purely formal gesture in Zone B so that Italy could carry out a real action in Zone A." As long as Belgrade feels that its present position in Zone B is secure, there appears to be no strong reason why Yugoslavia should give up the flexibility and legal strength of its position as the occupational authority in that Zone.

In Italy, the proposal should be generally acceptable both to the government and great bulk of the public. Although Italian officials have publicly insisted on implementation of the western powers' 1948 declaration advocating return of the entire Free Territory to Italy, privately they have indicated to the United States and Great Britain recently that Italy would accept a provisional solution based on Italian occupation of Zone A.

~~TOP SECRET~~

In order to satisfy elements in the Foreign Office and extreme nationalist political groups, Pella publicly will presumably be careful to accept this solution with reservations concerning an open door to Italy in Zone B. Italian bitterness over the virtual abrogation of the western powers' 1948 declaration advocating return of the entire Free Territory to Italy will be counteracted by the restoration of Trieste, long the main focus of Italian aspirations. Domestically, Premier Pella's position will be consolidated both within his party and with the Italian people generally. The government press will probably treat this development as a victory.

Triestine reaction to the western demarche can be expected to range from whole-hearted approval to violent disapproval. Although pro-Italian elements will generally regard the solution with favor, many pro-Italian leaders in Trieste have strongly warned against a "premature" Italian occupation of Zone A, lest Italian claims in Zone B suffer in consequence. Independentists which include the largest segment of the Slovene minority will be

~~TOP SECRET~~

strongly opposed to the western solution, and will view the withdrawal of the Anglo-American military government as a serious blow to the Trieste economy.